

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

AUG 13 2001

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER:
01-011

2. STATE
Washington

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE
July 1, 2001

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

7. FEDERAL BUDGET IMPACT:

a. FFY 2001 \$ 0
b. FFY 2002 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 3.1-A, Pages 11, 12, and 13
Supplement 3 to Attachment 3.1-A, Pages 1 through 14 (P&I)
Attachment 3.1-B, page 10

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

N/A

10. SUBJECT OF AMENDMENT:

PACE - Preprint

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED: Exempt

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

DENNIS BRADDOCK

14. TITLE:

Secretary

15. DATE SUBMITTED:

8/10/01

16. RETURN TO:

Department of Social and Health Services
Medical Assistance Administration
623 8th St SE MS: 45500
Olympia, WA 98504-5500

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

AUG 13 2001

18. DATE APPROVED:

DEC 19 2001

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

JUL - 1 2001

20. SIGNATURE OF REGIONAL OFFICIAL:

151

21. TYPED NAME:

Teresa L. Trimbur

22. TITLE:

ASSOCIATE REGIONAL

23. REMARKS:

DIVISION OF MED.

P&I changes authorized by the state on 10/9/01 and 12/14/01.

"POSTMARKED 8/10/01" (DATE)

Olympia

State of: Washington

Citation 1905(a)(26) and 1934

Amount, Duration, and Scope of Services: Categorically Needy (Continued)

 X Program of All-Inclusive Care for the Elderly (PACE) services, as described and limited in Supplement 3 to Attachment 3.1-A.

ATTACHMENT 3.1-A identifies the medical and remedial services provided to the categorically needy. (Note: Other programs to be offered to Categorically Needy beneficiaries would specify all limitations on the amount, duration and scope of those services. As PACE provides services to the frail elderly population without such limitation, this is not applicable for this program. In addition, other programs to be offered to Categorically Needy beneficiaries would also list the additional coverage -that is in excess of established service limits- for pregnancy-related services for conditions that may complicate the pregnancy. As PACE is for the frail elderly population, this also is not applicable for this program.)

State of: Washington

Citation 1905(a)(26) and 1934

Amount, Duration, and Scope of Services: Medically Needy (Continued)

_____ Program of All-Inclusive Care for the Elderly (PACE) services, as described and limited in Supplement 3 to Attachment 3.1-A.

ATTACHMENT 3.1-B identifies services provided to each covered group of the medically needy. (Note: Other programs to be offered to Medically Needy beneficiaries would specify all limitations on the amount, duration and scope of those services. As PACE provides services to the frail elderly population without such limitation, this is not applicable for this program. In addition, other programs to be offered to Medically Needy beneficiaries would also list the additional coverage -that is in excess of established service limits- for pregnancy-related services for conditions that may complicate the pregnancy. As PACE is for the frail elderly population, this also is not applicable for this program.)

State of: Washington

Amount, Duration, and Scope of Services: Categorically Needy (Continued)

27. Program of All-Inclusive Care for the Elderly (PACE) services, as described in Supplement 3 to Attachment 3.1-A.

X Election of PACE: By virtue of this submittal, the State elects PACE as an optional State Plan service.

_____ No election of PACE: By virtue of this submittal, the State elects to not add PACE as an optional State Plan service.

State of: Washington

Name and address of State Administering Agency, if different from the State Medicaid Agency:

The State Medicaid Agency will limit the number of PACE enrollees to 250.

I. Eligibility

 The State determines eligibility for PACE enrollees under rules applying to community groups.

- A. The State determines eligibility for PACE enrollees under rules applying to institutional groups as provided for in section 1902(a)(10)(A)(ii)(VI) of the Act (42 CFR 435.217 in regulations). The State has elected to cover under its State plan the eligibility groups specified under these provisions in the statute and regulations. The applicable groups are:

(If this option is selected, please identify, by statutory and/or regulatory reference, the institutional eligibility group or groups under which the State determines eligibility for PACE enrollees. Please note that these groups must be covered under the State's Medicaid plan.)

- B. The State determines eligibility for PACE enrollees under rules applying to institutional groups, but chooses not to apply post-eligibility treatment of income rules to those individuals. (If this option is selected, skip to II C – Compliance and State Monitoring of PACE)

- C. X The State determines eligibility for PACE enrollees under rules applying to institutional groups, and applies post-eligibility treatment of income rules to those individuals as specified below. Note that the post-eligibility treatment of income rules specified below are the same as those that apply to the State's approved HCBS waiver(s).

State of: Washington**Regular Post Eligibility**

1. X SSI State. The State is using the post-eligibility rules at 42 CFR 435.726. Payment for PACE services is reduced by the amount remaining after deducting the following amounts from the PACE enrollee's income.

(a). Sec. 435.726--States which do not use more restrictive eligibility requirements than SSI.

1. Allowances for the needs of the:

(A.) Individual (check one)

1. The following standard included under the State plan (check one):

(a) SSI

(b) Medically Needy

(c) The special income level for the institutionalized

(d) Percent of the Federal Poverty Level: %

(e) Other (specify):

2. The following dollar amount: \$

Note: If this amount changes, this item will be revised.

3. X The following formula is used to determine the needs allowance:

(a) 100% of Federal Poverty Level

(b) An allowance for the payment of guardianship fees of an individual under a Superior Court order of guardianship as allowed under Washington Administrative Code (WAC).

Note: If the amount protected for PACE enrollees in item 1 is equal to, or greater than the maximum amount of income a PACE enrollee may have and be eligible under PACE, enter N/A in items 2 and 3.

(B.) Spouse only (check one):

1. SSI Standard

2. Optional State Supplement Standard

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3. ☐ Medically Needy Income Standard
4. ☐ The following dollar amount: \$ _____
Note: If this amount changes, this item will be revised.
5. ☐ The following percentage of the following standard that is not greater than the standards above: _____ % of _____ standard.
6. ☐ The amount is determined using the following formula:

7. ☒ Not applicable (N/A)

(C.) Family (check one):

1. ☐ AFDC need standard
2. ☐ Medically needy income standard

The amount specified below cannot exceed the higher of the need standard for a family of the same size used to determine eligibility under the State's approved AFDC plan or the medically needy income standard established under 435.811 for a family of the same size.

3. ☐ The following dollar amount: \$ _____
Note: If this amount changes, this item will be revised.
4. ☐ The following percentage of the following standard that is not greater than the standards above: _____ % of _____ standard.
5. ☐ The amount is determined using the following formula:

6. ☐ Other
7. ☒ Not applicable (N/A)

(2). Medical and remedial care expenses in 42 CFR 435.726.

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State of: Washington**Regular Post Eligibility**

2. _____ 209(b) State, a State that is using more restrictive eligibility requirements than SSI. The State is using the post-eligibility rules at 42 CFR 435.735. Payment for PACE services is reduced by the amount remaining after deducting the following amounts from the PACE enrollee's income.

(a) **42 CFR 435.735**--States using more restrictive requirements than SSI.

1. Allowances for the needs of the:
 - (A.) Individual (check one)
 1. _____ The following standard included under the State plan (check one):
 - (a) _____ SSI
 - (b) _____ Medically Needy
 - (c) _____ The special income level for the institutionalized
 - (d) _____ Percent of the Federal Poverty Level: _____ %
 - (e) _____ Other (specify): _____
 2. _____ The following dollar amount: \$ _____
Note: If this amount changes, this item will be revised.
 3. _____ The following formula is used to determine the needs allowance:

Note: If the amount protected for PACE enrollees in item 1 is **equal to, or greater than** the maximum amount of income a PACE enrollee may have and be eligible under PACE, **enter N/A in items 2 and 3.**

(B.) Spouse only (check one):

1. _____ The following standard under 42 CFR 435.121:

2. _____ The Medically needy income standard

State of: Washington

3. ☐ The following dollar amount: \$ _____
 Note: If this amount changes, this item will be revised.
4. ☐ The following percentage of the following standard that is not greater than the standards above: _____ % of _____ standard.
5. ☐ The amount is determined using the following formula:

6. ☐ Not applicable (N/A)

(C.) Family (check one):

1. ☐ AFDC need standard
 2. ☐ Medically needy income standard

The amount specified below cannot exceed the higher of the need standard for a family of the same size used to determine eligibility under the State's approved AFDC plan or the medically needy income standard established under 435.811 for a family of the same size.

3. ☐ The following dollar amount: \$ _____
 Note: If this amount changes, this item will be revised.
4. ☐ The following percentage of the following standard that is not greater than the standards above: _____ % of _____ standard.
5. ☐ The amount is determined using the following formula:

6. ☐ Other
 7. ☐ Not applicable (N/A)

(b) Medical and remedial care expenses specified in 42 CFR 435.735.

State of: Washington**Spousal Post Eligibility**

3. X State uses the post-eligibility rules of Section 1924 of the Act (spousal impoverishment protection) to determine the individual's contribution toward the cost of PACE services if it determines the individual's eligibility under section 1924 of the Act. There shall be deducted from the individual's monthly income a personal needs allowance (as specified below), and a community spouse's allowance, a family allowance, and an amount for incurred expenses for medical or remedial care, as specified in the State Medicaid plan.

(a.) Allowances for the needs of the:

1. Individual (check one)

(A). The following standard included under the State plan (check one):

1. SSI
2. Medically Needy
3. The special income level for the institutionalized
4. Percent of the Federal Poverty Level: %
5. X Other (specify):
 - Institutions: \$41.62 for single or \$83.24 for a couple
 - Community residential facility: MNIL
 - Home: MNIL for single (with community spouse)
100% of Federal Poverty Level for married couple, both on PACE.

(B). The following dollar amount:(C) The following formula is used to determine the needs allowance:

State of: Washington

If this amount is different than the amount used for the individual's maintenance allowance under 42 CFR 435.726 or 42 CFR 435.735, explain why you believe that this amount is reasonable to meet the individual's maintenance needs in the community:

II. Compliance and State Monitoring of the PACE Program

For State Medicaid Agencies also serving as PACE State Administering Agencies, the State further assures all requirements of section 1934 of the Social Security Act will be met. All relevant provisions are included in the contract with the PACE entities, either as contractor or State responsibility. Both scheduled and unscheduled on-site reviews will be conducted by State staff.

- A. Readiness Review: The State will perform a Readiness Review of the applicant entity that assures the entity has fully developed its policies and procedures, obtained commitments from key staff, developed its solvency plan and has a facility that meets State and Federal requirements at the time of the application, in accordance with Section 460.12(b)(1).
- B. Monitoring During Trial Period: During the trial period, the State, in cooperation with HCFA, will conduct comprehensive reviews of a PACE organization to ensure compliance with State and federal requirements.

At the conclusion of the trial period, the State, in cooperation with HCFA, will continue to conduct reviews of a PACE organization, as appropriate, taking into account the quality of care furnished and the organization's compliance with State and federal requirements.

- C. Annual Monitoring: The State assures that at least annually it will reevaluate whether a participant meets the level of care required under the State Medicaid plan for coverage of nursing facility services. The State understands that this determination may be waived if there is no reasonable expectation of improvement or significant change in the participant's

State of: Washington

conditions because of the severity of a chronic condition or the degree of impairment of functional capacity.

- D. Monitoring of Corrective Action Plans: The State assures it will monitor the effectiveness of corrective actions required to be taken by the PACE organization.

III. Rates and Payments

- A. The State assures HCFA that the capitated rates will be equal to or less than the cost to the agency of providing those same fee-for-service State plan approved services on a fee-for-service basis, to an equivalent non-enrolled population group based upon the following methodology. Please attach a description of the negotiated rate setting methodology and how the State will ensure that rates are less than the cost in fee-for-service.

A single capitated monthly rate for all enrollees is calculated based on the sum of acute and long-term care costs. The long-term care component is calculated by using 75% of the fee-for-service equivalent for all nursing home residents in the service area, age 55 and older. Specialty facilities, Bailey Boushay and Highline Community Hospital, are excluded from this calculation. Medicaid payment is reduced by enrollee participation computed on an individual basis.

The acute care component is determined by calculating the 90% of the fee-for-service benefits for nursing home residents in the service area, age 55 and older. This rate is averaged by the cost Medicaid cost for individuals who are Medicaid-only recipients and individuals who are dually eligible (Medicaid and Medicare recipients). The single monthly rate (the combined acute and long-term care components) will be adjusted annually based on vendor rate increases.

1. X Rates are set at a percent of fee-for-service costs
2. ____ Experience-based (contractors/State's cost experience or encounter date)(please describe)
3. ____ Adjusted Community Rate (please describe)
4. ____ Other (please describe)

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Effective Date: 7/1/01

State of: Washington

- B. X The rates were set in a reasonable and predictable manner. Please list the name, organizational affiliation of any actuary used, and attestation/description for the initial capitation rates.
The Rates Chief, Management Services Division, Aging and Adult Services Administration and the Professional Rates Section Manager, Division of Operational Support Services, Medical Assistance Administration, are responsible for determining the rates to be reasonable and predictable.
- C. X The State will submit all capitated rates to the HCFA Regional Office for prior approval.
- A. IV. Enrollment and Disenrollment: For both State Medicaid Agencies and State Administering Agencies, the State assures that it has developed and will implement procedures for the enrollment and disenrollment of participants in the State's management information system, including procedures for any adjustment to account for the difference between the estimated number of participants on which the prospective monthly payment was based and the actual number of participants in that month. In cases where the State Medicaid Agency is separate from the State Administering Agency, the State Medicaid Agency assures that there is a process in place to provide for dissemination of enrollment and disenrollment data between the two agencies.

Enrollment Process (Please describe):

The State Administering Agency assesses any potential participant including those who are not eligible for Medicaid to ensure that the individual meets the nursing facility level of care. Eligible individuals may enroll any day of the month. The agency will conduct a face-to-face reassessment of PACE clients every twelve (12) months and/or whenever the client's circumstances or physical condition substantially changes. The State Administering Agency may deem eligibility of those individuals, who are determined ineligible at the annual reassessment process, if the individual would be expected to meet the nursing facility level of care requirement within the next six month based on the PACE organization's detailed assessment and recommendations.

State of: Washington

- B. Enrollee Information (Please describe the information to be provided to enrollees):
Enrollees shall receive a copy of their Comprehensive Assessment, Service Plan, financial award notices, and notice of fair hearing rights for any adverse actions. Enrollees are entitled to a fair hearing after it has gone through the PACE organization's internal appeal process. Medicaid fair hearing rights shall be translated for individuals with limited English proficiency.

The State assures that the following information is provided to all enrollees prior to and at the time of enrollment and annually thereafter, by the PACE organization in accordance with its approved policies and procedures.

Detailed information about 460.112, Participant Rights, 460.120, 460.122, Grievance and Appeals processes; 460.154, Enrollment Agreement; and 460.156, Other enrollment procedures are contained in the Participant Handbook of which the Enrollment Agreement is a part.

The process for explaining the information contained in the Participant Handbook, in a manner understandable to the enrollee, is conducted in the following manner:

In accordance with Policy Number 301.03, issued 7/13/01, the process begins with a contact by telephone or in-person between the potential participant and the PACE Intake Coordinator. The Intake Coordinator, after making an initial determination of eligibility, arranges a home visit. During the home visit, the Intake Coordinator explains the PACE organization using the Participant Handbook and answers any questions from the individual and/or caregiver. If the individual is interested in joining, a site visit is arranged at which time the individual meets with members of the multidisciplinary team and again is provided with opportunities to ask questions.

At this time, the Intake Coordinator contacts the Aging and Adult Services Administration (AASA) Home and Community Services (HCS) office to start the process of determining functional and financial eligibility for individuals requesting Medicaid coverage, or contacts Aging and Disability Services (ADS) to determine functional eligibility only for individuals who pay privately.

State of: Washington

If the individual is determined to be eligible and if the individual agrees to accept the program conditions, he/she signs an enrollment agreement in accordance with Policy 301.04, issued 7/13/01 which requires that all individuals who enroll in PACE must sign an enrollment agreement. Prior to signing, the Intake Coordinator again reviews the Participant Handbook with the individual and he/she receives a copy of the Handbook for reference.

All enrollees also receive a PACE enrollment card in accordance with the requirements in 460.156.

The State undertakes the following steps:

At the time of enrollment, the HCS case manager sends the PACE organization proof of nursing home certification contained in the Comprehensive Assessment document. HCS will send proof of recertification on an annual basis upon notification from the PACE organization that recertification is due. In addition, the HCS or ADS case manager provides the authorization for enrollment for Medicaid recipients and calculates the monthly participant fee for the enrollee, if any.

C. Disenrollment Process (Please describe - voluntary and involuntary):

The PACE organization will notify the state of involuntary disenrollments after the organization has followed its approved internal process. The state will respond within five business days of receiving the request for a review. The state will notify the enrollee of the adverse action and the right to a fair hearing. Enrollees may choose to voluntarily disenroll from PACE at any time of the month. The state will assist with returning any disenrolled participant (voluntary or involuntary) to the previous Medicaid coverage program, effective the beginning of the next month possible.

The PACE organization follows Policy Number 302.1 for Voluntary Disenrollments:

All participants have the right to voluntarily disenroll from the PACE organization without cause at any time. Once the participant has notified the PACE organization staff that he/she wishes to disenroll, either in person or in writing, members of the multidisciplinary team

State of: Washington

work with the participants to see if the reasons(s) for disenrolling can be resolved. If there is no resolution, the PACE Social Worker has the individual or his/her caregiver sign the disenrollment form. The disenrollment form advises participants of the following:

- They may be contacted by HCS or CMS to verify their desire to disenroll
- Attests to the fact that they understand that they are disenrolling and
- That they have been informed that they will return to the traditional Medicare and Medicaid systems as of the disenrollment date and no longer are required to receive services through the PACE organization.

The social worker notifies the multidisciplinary team and the HCS or ADS case manager and financial worker regarding the anticipated date for disenrollment. The multidisciplinary team ensures that the participant is reinstated in other Medicare and Medicaid programs after disenrollment by making appropriate referrals, transferring medical records and coordinating with CMS and HCS to ensure participant's reinstatement. All services to the participant are continued during the disenrollment process.

The social worker sends the official disenrollment letter to the participant and his/her representative or to the nursing home, if the participant is currently residing there. The social worker also notifies the PACE organization business office. The Accounting Assistant in the business office will remove the participant's name from the billing cycle and will report the disenrollment to CMS.

HCS undertakes the following steps:

The HCS financial case manager inputs the information that the PACE organization participant has disenrolled, and deletes the name from the payment list of PACE organization enrollees. An HCS representative may contact the former enrollee to verify his/her desire to disenroll.

- D. The State assures that before an involuntary disenrollment is effective, it will review and determine in a timely manner that the PACE organization has adequately documented grounds for disenrollment.

State of: Washington

- E. In the event a PACE participant disenrolls or is disenrolled from a PACE program, the State will work with the PACE organization to assure the participant has access to care during the transitional period.
 - F. The State assures it will facilitate reinstatement in other Medicaid/Medicare programs after a participant disenrolls.
 - G. The State assures that the State PACE requirements and State procedures will specify the process for how the PACE organization must submit participant information to the State.
- VI. Marketing: For State Medicaid Agencies also acting as PACE State Administering Agencies, the State assures that a process is in place to review PACE marketing materials in compliance with Section 460.82(b)(ii).
- VII. Services: The following items are the medical and remedial services provided to the categorically needy and medically needy. (Please specify):
All services as allowed under the Washington State Medicaid State Plan, in Section 3.1A.
- The State assures that the State agency that administers the PACE program will regularly consult with the State Agency on Aging in overseeing the operation of the PACE program in order to avoid service duplication in the PACE service area and to assure the delivery and quality of services to PACE participants.
- VIII. Decisions that require joint HCFA/State Authority
- A. For State Medicaid Agencies also acting as PACE State Administering Agencies, waivers will not be granted without joint HCFA/State agreement:
 - 1. The State will consult with HCFA to determine the feasibility of granting any waivers related to conflicts of interest of PACE organization governing board members.

State of: Washington

2. The State will consult with HCFA to determine the feasibility of granting any waivers related to the requirements that: members of the multidisciplinary team are employees of the PACE organization; and that members of the multi- disciplinary team must serve primarily PACE participants.
- B. Service Area Designations: The State will consult with HCFA on changes proposed by the PACE organization related to service area designation.
- C. Organizational Structure: The State will consult with HCFA on changes proposed by the PACE organization related to organizational structure.
- D. Sanctions and Terminations: The State will consult with HCFA on termination and sanctions of the PACE organization.

IX. State Licensure Requirements

For State Medicaid Agencies also acting as PACE State Administering Agencies, the State assures that Life Safety Code requirements are met for facilities in which the PACE organization furnishes services to PACE participants in accordance with Section 460.72(b), unless HCFA determines that a fire and safety code imposed by State law adequately protects participants and staff.

State of: Washington

Amount, Duration, and Scope of Medical
and Remedial Services Provided to the Medically Needy (Continued)

26. Program of All-Inclusive Care for the Elderly (PACE) services, as described in Supplement 3 to Attachment 3.1-A.

_____ Election of PACE: By virtue of this submittal, the State elects PACE as an optional State Plan service.

 X No election of PACE: By virtue of this submittal, the State elects to not add PACE as an optional State Plan service.